

**THE ADMINISTRATION'S FY2002 BUDGET REQUEST FOR
TREASURY INTERNATIONAL PROGRAMS:
MULTILATERAL DEVELOPMENT BANKS,
DEBT REDUCTION AND TECHNICAL ASSISTANCE PROGRAMS**

The FY2002 budget request reflects our desire to meet America's international commitments. The attached document, prepared by Treasury staff, is enclosed to assist Congress in its deliberations on this year's budget request.

At the same time, the Bush Administration is committed to making the international financial institutions (IFIs) more effective and accountable and to maintaining U.S. leadership in them. I am convinced that they can do better.

Our goal is to work with the multilateral development banks (MDBs) to make increasing living standards through higher productivity growth a priority in their operations. Raising productivity – increasing the amount of goods and services that each worker can produce in a day – is the most effective way to achieve higher per capita incomes and reduce poverty. MDB operations focused on making better use of capital, technology and education – the essential sources of productivity – are critical elements to improving development.

As part of the focus on raising living standards, we are committed to pursuing MDB reforms, including:

- Better coordination among the MDBs,
- Increased use of grants,
- Strengthening efforts to promote good governance and improve public sector management, and
- Improving internal MDB governance to ensure compliance with approved policies and to maximize operational transparency.

These reforms are aimed at producing a MDB system that is more effective in achieving results that increase economic growth and improve the everyday lives of people in developing countries.

I look forward to discussing the appropriations request during Congressional hearings this year and to your bipartisan support.

Paul H. O'Neill